

## **Exhibit B**

# **Residential Capital, LLC**

## **Rebuttal Report to the Expert Report of Mark A Renzi**

November 1, 2013

Residential Capital,  
LLC

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## **Executive Summary**

Executive Summary

## Overview of Report

- This report (the “Rebuttal Report”) has been prepared by Michael Fazio on behalf of Houlihan Lokey Capital, Inc. (“Houlihan Lokey”) at the request of White & Case LLP and Milbank, Tweed, Hadley & McCloy LLP as counsel to the Ad Hoc Group of Junior Secured Noteholders (“Ad Hoc Group”) of the 9.625% Junior Secured Guaranteed Notes due 2015 (“JSNs”) and counsel to UMB Bank, N.A. as Trustee for the JSNs (“Trustee”), and Akin Gump Strauss Hauer & Feld LLP as special litigation counsel to the Trustee, in connection with that certain consolidated adversary proceeding (Adv. Pro. Nos. 13-01343 and 13-01277 (collectively, the “Adversary Proceeding”)) and confirmation of the proposed plan of reorganization (“Plan”) of Residential Capital, LLC (“ResCap”, the “Company” or the “Debtors”) in the U.S. Bankruptcy Court for the Southern District of New York, Case No. 12-12020. The Rebuttal Report responds to the assumptions and conclusions expressed in the expert report of Mark A. Renzi dated October 18, 2013 (the “Renzi Report”)
- Although this Rebuttal Report is being submitted to address the specific matters described herein, Houlihan Lokey reserves the right to object to any of the conclusions reached or opinions expressed in the report filed by the expert noted above and reserves the right to supplement the analysis and conclusions in the Report or the Rebuttal Report to the extent that Houlihan Lokey receives additional information from the Company, or additional or different facts and circumstances become known to us as part of the discovery process, in connection with the confirmation hearing before the Bankruptcy Court, or otherwise
- Except as otherwise identified in this Rebuttal Report, the analysis and opinions expressed herein are presented on the same basis, and are subject to the same assumptions and limitations, as those set forth in the Expert Report of Michael Fazio – Recovery Analysis, dated October 18, 2013 (the “Report”)

## **Recovery Scenarios – Liquidation Analysis**

# Liquidation Analysis Scenarios

- Houlihan Lokey has been asked by counsel to provide sensitivity outputs on the JSNs' projected recoveries under the hypothetical liquidation analysis included as Annex B in the Renzi Report (the "Liquidation Analysis"):
  - Ⓐ **Ally Contribution:** Utilize the Debtors' Liquidation Analysis assumptions, but include a range of net Ally contribution / settlement value, assuming such value is allocated pro-rata to direct claimants and legal entities in the same manner as the \$2.1 billion allocation included in the Debtors' Disclosure Statement
    - The Debtors' Liquidation Analysis ascribes no value (or cost) associated with claims against Ally
  - Ⓑ **Intercompany Claims:** Utilize the Debtors' Liquidation Analysis assumptions, but include a range of net Ally contribution / settlement value and assume the Debtors' intercompany claims existing on the petition date are valid as scheduled
    - The Debtors' Liquidation Analysis does not include or account for existing intercompany claims
  - Ⓒ **Claim Subordination:** Utilize the Debtors' Liquidation Analysis assumptions, but include a range of net Ally contribution / settlement value, assume the Debtors' intercompany claims are valid as scheduled, and assume all RMBS, monoline and securities claims included in the Debtors' scenarios are subordinated to general unsecured creditors
    - The Debtors subordinate securities claims, but not RMBS or monoline claims, in their "High" recovery Liquidation Analysis scenario
- The amounts presented herein are derived using the Waterfall Model described in my initial Report, adjusted for assumptions underlying the Debtors' Liquidation Analysis
  - The use of these assumptions is for illustrative purposes only and is done so only to isolate and quantify the impact of certain individual assumptions on the Liquidation Analysis' projected recoveries. As noted on page 10 of my Report, the Debtors' estimate of liquidation values includes certain assumptions that are being litigated in the Adversary Proceeding. It is not the intent of this Rebuttal Report to opine on such disputed issues which the Court will address.
  - Houlihan Lokey is providing no opinion on the merits or validity of any assumptions utilized herein

Recovery Scenarios –  
Liquidation Analysis

# Ally Contribution Impact on JSNs' Recovery

- A** The table below shows a range of JSNs' recoveries under the Debtors' Liquidation Analysis, adjusted to (i) incorporate subsequent events (specifically the Ocwen true-up) and (ii) include the potential impact of Ally contribution / settlement value
- As indicated in my initial Report on pages 17-18, it is possible for the JSNs to recover more from their deficiency claims than is required to satisfy their allowed claim. For the purposes of this analysis, total JSNs' recovery in the event the JSNs are under-secured is limited to their allowed claim (i.e., any deficiency claim recovery in excess of \$2,223 million is not included)

(\$ in millions)

	Entity	Secured Recovery		Deficiency Recovery		Total Recovery	
		Low	High	Low	High	Low	High
<b>Debtors' Disclosure Statement Analysis</b>	Residential Capital, LLC	\$ 157	\$ 157	\$ 1	\$ 4	\$ 158	\$ 161
	GMAC Mortgage, LLC	1,178	1,268	65	77	1,243	1,345
	Passive Asset Transactions, LLC	37	41	0	0	37	41
	Executive Trustee Services, LLC	7	8	0	0	7	8
	Residential Funding Company, LLC	47	51	42	79	89	129
	RFC Asset Holdings II, LLC	28	28	0	0	28	28
	Homecomings Financial, LLC	0	0	0	0	0	0
	All Others	1	1	0	0	1	1
	<b>Total</b>	<b>\$ 1,454</b>	<b>\$ 1,553</b>	<b>\$ 109</b>	<b>\$ 160</b>	<b>\$ 1,563</b>	<b>\$ 1,712</b>
<b>Adjustments</b>	<b>Issue</b>						
	Ocwen True-Up <sup>(1)(2)</sup>	51	51	3	2	54	53
	<b>Adjusted Total</b>	<b>\$ 1,505</b>	<b>\$ 1,603</b>	<b>\$ 111</b>	<b>\$ 162</b>	<b>\$ 1,616</b>	<b>\$ 1,765</b>

Ally Contribution Impact On Deficiency Claim Recovery	Amount of Net Ally Contribution <sup>(3)(4)</sup>						
	-	1,505	1,603	111	162	1,617	1,765
	250	1,505	1,603	154	250	1,659	1,853
	500	1,505	1,603	196	339	1,701	1,942
	750	1,505	1,603	238	427	1,743	2,031
	1,000	1,505	1,603	280	516	1,786	2,119
	1,250	1,505	1,603	323	604	1,828	2,208
	1,500	1,505	1,603	365	619	1,870	2,223
	1,750	1,505	1,603	407	619	1,912	2,223
	2,000	1,505	1,603	449	619	1,955	2,223
	2,100	1,505	1,603	466	619	1,971	2,223
	2,250	1,505	1,603	492	619	1,997	2,223
	2,500	1,505	1,603	534	619	2,039	2,223
	2,750	1,505	1,603	576	619	2,081	2,223
	3,000	1,505	1,603	618	619	2,124	2,223

- (1) Impact of \$68 million received from Ocwen subsequent to April 30, 2013, the date of the Liquidation Analysis asset balances; \$51 million allocated to JSNs  
(2) Allocated impact to GMACM  
(3) Net of costs; assumed allocated pro-rata to direct claimants and legal entities in the same manner as the proposed contribution in the Disclosure Statement  
(4) This analysis does not take into account any lien the JSNs may have on any portion of the Ally contribution / settlement



Recovery Scenarios –  
Liquidation Analysis

# Intercompany Claim & Ally Contribution Impact on JSNs' Recovery

**B** The table below includes the same assumptions as the prior page, and also assumes intercompany claims existing on the petition date are valid as scheduled

- In this scenario, the JSNs' collateral value increases from Ally contribution / settlement value due to increased secured recovery and deficiency recovery on intercompany claims. As a result, the secured recovery in some instances is greater than the JSNs' assumed allowed claim of \$2,223 million.

(\$ in millions)

	Entity	Secured Recovery		Deficiency Recovery		Total Recovery	
		Low	High	Low	High	Low	High
<b>Debtors' Disclosure Statement Analysis</b>	Residential Capital, LLC	\$ 157	\$ 157	\$ 1	\$ 4	\$ 158	\$ 161
	GMAC Mortgage, LLC	1,178	1,268	65	77	1,243	1,345
	Passive Asset Transactions, LLC	37	41	0	0	37	41
	Executive Trustee Services, LLC	7	8	0	0	7	8
	Residential Funding Company, LLC	47	51	42	79	89	129
	RFC Asset Holdings II, LLC	28	28	0	0	28	28
	Homecomings Financial, LLC	0	0	0	0	0	0
	All Others	1	1	0	0	1	1
	<b>Total</b>	<b>\$ 1,454</b>	<b>\$ 1,553</b>	<b>\$ 109</b>	<b>\$ 160</b>	<b>\$ 1,563</b>	<b>\$ 1,712</b>
<b>Adjustments</b>	<b>Issue</b>						
	Ocwen True-Up <sup>(1)(2)</sup>	51	51	3	2	54	53
	InterCompany Claims <sup>(3)</sup>	85	120	(22)	(34)	63	86
	<b>Adjusted Total</b>	<b>\$ 1,590</b>	<b>\$ 1,724</b>	<b>\$ 89</b>	<b>\$ 127</b>	<b>\$ 1,679</b>	<b>\$ 1,851</b>

<b>Ally Contribution Impact On InterCompany Claim Recovery &amp; Deficiency Claim Recovery</b>	<u>Amount of Net Ally Contribution<sup>(4)(5)</sup></u>							
	-	1,590	1,724	89	127		1,679	1,851
	250	1,624	1,781	122	184		1,746	1,965
	500	1,657	1,838	155	240		1,812	2,078
	750	1,691	1,896	187	295		1,878	2,190
	1,000	1,725	2,010	219	212		1,944	2,223
	1,250	1,759	2,158	251	65		2,010	2,223
	1,500	1,793	2,273	282	0		2,075	2,273
	1,750	1,827	2,360	313	0		2,140	2,360
	2,000	1,861	2,446	344	0		2,205	2,446
	2,100	1,877	2,481	345	0		2,223	2,481
	2,250	1,909	2,533	314	0		2,223	2,533
	2,500	1,962	2,620	261	0		2,223	2,620
	2,750	2,014	2,707	208	0		2,223	2,707
	3,000	2,067	2,793	156	0		2,223	2,793

(1) Impact of \$68 million received from Ocwen subsequent to April 30, 2013, the date of the Liquidation Analysis asset balances; \$51 million allocated to JSNs

(2) Allocated impact to GMACM

(3) Debtors' Liquidation Analysis does not include value from intercompany claims

(4) Net of costs; assumed allocated pro-rata to direct claimants and legal entities in the same manner as the proposed contribution in the Disclosure Statement

(5) This analysis does not take into account any lien the JSNs may have on any portion of the Ally contribution / settlement

Recovery Scenarios –  
Liquidation Analysis

# Claim Subordination, Intercompany Claim & Ally Contribution Impact on JSNs' Recovery

- © The table below includes the same assumptions as the prior page, and also assumes all RMBS, Monoline and Securities claims are subordinated in both the Debtors' low and high scenarios:<sup>(1)</sup>

(\$ in millions)

	Entity	Secured Recovery		Deficiency Recovery		Total Recovery	
		Low	High	Low	High	Low	High
Debtors' Disclosure Statement Analysis	Residential Capital, LLC	\$ 157	\$ 157	\$ 1	\$ 4	\$ 158	\$ 161
	GMAC Mortgage, LLC	1,178	1,268	65	77	1,243	1,345
	Passive Asset Transactions, LLC	37	41	0	0	37	41
	Executive Trustee Services, LLC	7	8	0	0	7	8
	Residential Funding Company, LLC	47	51	42	79	89	129
	RFC Asset Holdings II, LLC	28	28	0	0	28	28
	Homecomings Financial, LLC	0	0	0	0	0	0
	All Others	1	1	0	0	1	1
	<b>Total</b>	<b>\$ 1,454</b>	<b>\$ 1,553</b>	<b>\$ 109</b>	<b>\$ 160</b>	<b>\$ 1,563</b>	<b>\$ 1,712</b>
Adjustments	<b>Issue</b>						
	Ocwen True-Up <sup>(2)(3)</sup>	51	51	3	2	54	53
	InterCompany Claims <sup>(4)</sup>	85	120	(22)	(34)	63	86
	Claim Subordination <sup>(5)</sup>	171	298	226	73	397	371
	<b>Adjusted Total</b>	<b>\$ 1,761</b>	<b>\$ 2,022</b>	<b>\$ 315</b>	<b>\$ 201</b>	<b>\$ 2,076</b>	<b>\$ 2,222</b>

	Amount of Net Ally Contribution <sup>(6)(7)</sup>					
Ally Contribution Impact On InterCompany Claim Recovery & Deficiency Claim Recovery	-	1,761	2,022	315	201	2,076
	250	1,943	2,340	280	0	2,223
	500	2,312	2,494	0	0	2,312
	750	2,461	2,648	0	0	2,461
	1,000	2,611	2,802	0	0	2,611
	1,250	2,761	2,956	0	0	2,761
	1,500	2,911	3,110	0	0	2,911
	1,750	3,061	3,264	0	0	3,061
	2,000	3,211	3,418	0	0	3,211
	2,100	3,271	3,480	0	0	3,271
	2,250	3,361	3,572	0	0	3,361
	2,500	3,511	3,726	0	0	3,511
	2,750	3,661	3,880	0	0	3,661
	3,000	3,811	4,034	0	0	3,811

- (1) This analysis assumes that all three claims—RMBS, Monoline, and Securities—are subordinated. In the event that the Court finds that one or more, but not all three, claims should be subordinated, I reserve the right to adjust my analysis to show the effect of such subordination.
- (2) Impact of \$68 million received from Ocwen subsequent to April 30, 2013, the date of the Liquidation Analysis asset balances; \$51 million allocated to JSNs
- (3) Allocated impact to GMACM
- (4) Debtors' Liquidation Analysis does not include value from intercompany claims
- (5) Assumes all RMBS, monoline and securities claims are subordinated in both low and high Liquidation Analysis scenarios; JSNs' secured recovery increase shown in "Adjustments" is from the increase in value of intercompany claims from subordination
- (6) Net of costs; assumed allocated pro-rata to direct claimants and legal entities in the same manner as the proposed contribution in the Disclosure Statement
- (7) This analysis does not take into account any lien the JSNs may have on any portion of the Ally contribution / settlement

## **Recovery Scenarios – Partial Consolidation**

# Impact of Partial Consolidation

- Houlihan Lokey has also been asked by counsel to evaluate the impact, if any, on the JSNs' potential recoveries resulting from the Debtors' proposed partial consolidation into three Debtor silos for the limited purposes of (i) describing creditor treatments under the Plan, (ii) Plan confirmation, and (iii) making distributions under the Plan
- The Renzi Report concludes that the JSNs are not harmed by the limited partial consolidation because (a) intercompany claims are being compromised and waived as part of the Global Settlement embodied in the Plan and not as a result of the limited partial consolidation, and (b) if the JSNs are entitled to post-petition interest, the JSNs will receive post-petition interest regardless of consolidation
- But the Renzi Report does not calculate the impact of the intercompany claims on the JSNs' collateral value if intercompany claims are determined to be valid as scheduled
  - In such a scenario, the JSNs would be harmed by the proposed "limited partial consolidation" because most of the intercompany claim value would be eliminated, thereby negatively impacting the JSNs' recoveries
  - For example, the JSNs' collateral value amounts included in the Expert Report of Mark A. Renzi, dated September 20, 2013, included the value of subsidiary equity pledges (see pages 6 through 8) which would be eliminated in partial consolidation
  - Moreover, the amounts presented in my initial Report addressing both equity pledges and intercompany claim value impact on JSNs' recoveries, and would be impacted or altered by the proposed consolidation

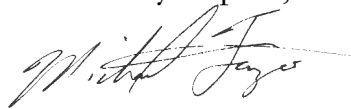
**Conclusion**

Conclusion

## Summary of Conclusions

- Based on the analysis contained herein, I have reached the conclusions as set forth herein
- I reserve the right to modify or update the calculations in this Rebuttal Report as new or additional information becomes available or is presented by proponents for the Plan, their experts and other parties in interest. My Rebuttal Report may be supplemented by deposition or actual testimony and, if necessary, I will modify this Rebuttal Report to show additional scenarios as requested by Counsel or the Court.

Houlihan Lokey Capital, Inc.



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Michael Fazio, Managing Director

## **Appendices**

# **Appendices**

## **Due Diligence Conducted**



Due Diligence  
Conducted

## Due Diligence Conducted

**In conjunction with preparing this Rebuttal Report, and in addition to the due diligence conducted in the initial Report, I have made the following reviews, analyses and inquiries we deemed necessary and appropriate, including, but not limited to reviewing the following:**

- Expert Report of Mark A. Renzi dated October 18, 2013
- RCP00047076 (Liquidation Analysis Allocation and Amounts of General Unsecured Claims)